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Chris Argyris

# Some Problems in Conceptualizing Organizational Climate: A Case Study of a Bank

*The author is concerned with ways of ordering the complex, reciprocal network of variables that comprise organizations. Using a model based upon a study of interpersonal relations in a bank, he finds three interrelated "systems" of variables: the formal policies, procedures, and positions of the organization; personality factors including individual needs, values, and abilities; and the complicated pattern of variables associated with the individual's efforts to accommodate his own ends with those of the organization. He concludes that the study of organization requires research simultaneously on these various levels of analysis.*

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ANYONE who conducts research on human behavior in organizations is always faced with the problem of ordering and conceptualizing a buzzing confusion of simultaneously existing, multilevel, mutually interacting variables. For example, there are formal organizational variables such as policies, practices, and job descriptions inducing the members of the organization to behave as it desires in order that it may achieve its objectives, adapt to its external environment, and maintain itself internally. Intimately interrelated with these are personality variables such as needs,

abilities, values, self-concept, and defenses inducing participants to behave in such a way that they may express their personalities. Making this organized complexity even more complicated are a whole host of informal variables that have arisen out of the participants' continuing struggle to adapt to the formal organization so that the latter achieves its objectives while simultaneously the individuals obtain at least a minimal amount of self-expression (for example, rate setting, goldbricking, the grapevine, apathy, and so on).<sup>1</sup>

Nor do these variables exist in neat compartments as suggested above. In reality they are mixed beyond classification into any academic compartments, forming a pattern in which each plays a functional role feeding back and upon the others to maintain itself and the pattern. This new and fourth level of analysis we shall define as *organizational behavior*. It is our intent to show that the organizational behavior level is a discrete legitimate level of analysis having different properties from the formal, the personality, or the informal levels of analysis.

### THREE WORKING ASSUMPTIONS

How is this living complexity, conveniently defined as "the climate of the organization," to be analyzed and conceptualized without presenting us with an oversimplified picture of reality, a picture devoid of the life one is committed to studying? In what follows a very crude and primitive possibility which has been tried out in one research project is described.<sup>2</sup>

Two assumptions which help to make the problem manageable

<sup>1</sup>This assumes that there are always basic conflicts between formal organization and healthy individuals. I have defended this assumption in an article in this journal, *The Individual and Organization*, *Administrative Science Quarterly*, 2 (June 1957), 1-24.

<sup>2</sup>Much of my research work on organizational behavior can be categorized as dealing with this problem of conceptualization on three different levels. The first and closest to empirical reality (i.e., a first order of generalization) is exemplified by this article and one in the *Harvard Business Review* (Human Relations in a Bank, 32 [Sept.—Oct. 1954], 63-72). The second, which is an attempt to generalize even more, is found in my book *Personality and Organizations* (New York, 1957). The third and most general attempt can be found in my hospital study. The second attempt tries to define a framework which would be valid for any organization that begins with a formal structure and human beings. The third utilizes a framework of organizational processes that presumably can be used to categorize behavior of any social organization.

are made about the "buzzing confusion." First, I assume that the complexity has simple beginnings that evolved into the monster I am presently facing. Second, I assume that the complexity is not limitless, that at some point the variables connect with each other, thereby creating a finite system, a system that is "boundary maintaining."<sup>3</sup> These two assumptions lead me to a third: if this complexity is finite, if it has boundaries, and if it lives, then it may have the properties of organization. By organization I mean an arrangement of elements characterized by their order rather than by their intrinsic nature.<sup>4</sup> It is a unity whose significant feature is the position of each element in the pattern.<sup>5</sup>

### THE TYPE OF MODEL USED

There is nothing complex or extremely rigorous about the model to be used. In thinking of the "right" model, I assume that the best model is that which does not oversimplify reality but mirrors it. By oversimplification I mean the leaving out of admittedly relevant variables; by relevant variables I include all variables which have effects.

Making the model subservient to the data leads to the development of a rather simple gross model which lacks the rigor toward which a respectable scientist aspires. I admit this but believe that it is more respectable for a researcher to let known reality be his guide. Philip M. Morse makes a similar point when he notes that to understand certain problems, one must understand the pattern before the details.<sup>6</sup> Slowly, as Kurt Lewin suggests, by successive approximations, a rigorous model will someday be evolved.<sup>7</sup> Once one has "arrived" by this path, one will not have to "return" to try to do something about variables left out.<sup>8</sup> Holding the above hypothesis, I find Karl W. Deutsch's definitions of a model a use-

<sup>3</sup>P. G. Herbst, *Situation Dynamics and the Theory of Behavioral Systems*, *Behavioral Science*, (Jan. 19, 1957), 15.

<sup>4</sup>Norbert Wiener, *The Human Use of Human Beings* (New York, 1950).

<sup>5</sup>Clyde Kluckhohn, "Anthropology," in James R. Newman (ed.), *What Is Science?* (New York, 1955), pp. 356-357.

<sup>6</sup>Philip M. Morse, *Statistics & Operations Research, Operations Research*, 4 (Feb. 1956), 4.

<sup>7</sup>Kurt Lewin, *Dynamic Theory of Personality* (New York, 1935).

<sup>8</sup>For an interesting article related to this problem, see John L. Kennedy, A "Transition-Model" Laboratory for Research on Cultural Change, *Human Organization*, 14 (Fall 1955), 16-18.

ful point of departure. Deutsch defines a model as "a structure of symbols and operating rules which is supposed to match a set of relevant points in an existing structure of process."<sup>9</sup>

The model I intend to use is borrowed (more in spirit than in substance) from the physical sciences. It is the model of a system with an input, an output, and feedback to the input. This basic pattern is all I find myself able to borrow; certainly none of the quantitative rigor found in the physical science models is to be emulated. Nevertheless, I think the model will be useful as a device to help organize the complexity, lead to new insights, and make a few qualitative predictions.<sup>10</sup> As C. W. Churchman, R. L. Ackoff, and E. L. Arnoff suggest, all useful models are not necessarily mathematical, nor are they used for accurate prediction or calculation. There are many that in essence are diagrams enabling the researcher to bring together, from many different fields, knowledge about organization. They help to separate the trivial from the relevant.<sup>11</sup> In the field of organizational behavior, where the researcher is constantly overwhelmed by the richness, depth, and complexity of the variables, such aid is not to be taken lightly.

### THE RELEVANT VARIABLES OF THE BANK'S "CLIMATE"<sup>12</sup>

Enough by way of introduction. The reader is now asked to assume that a field study has just been completed of the human interrelationships in a bank. How are the mass of data to be organized?<sup>13</sup>

Consistent with the assumptions made above, the model to be constructed must reflect the primary structural properties of organization; that is, it must be an aggregate of elements having

<sup>9</sup>Karl W. Deutsch, On Communication Models in the Social Sciences, *Public Opinion Quarterly*, 16 (1952), 356-380.

<sup>10</sup>See Deutsch's article cited above for an interesting discussion of the different functions a model may serve.

<sup>11</sup>C. W. Churchman, R. L. Ackoff, E. L. Arnoff, *Introduction to Operations Research* (New York, 1957), p. 71.

<sup>12</sup>Climate will be defined more systematically at the end of the paper.

<sup>13</sup>For detailed description of the data, see my *Harvard Business Review* article cited in n. 2 above, my monograph entitled *Organization of a Bank* (New Haven, 1954), and *The Fusion of the Individual with the Organization*, *American Sociological Review* 19 (1954), 267-272.



some boundaries and existing because of the *pattern* of inter-relationships of these elements. Also, it follows that one should look for simple beginnings from whose fusion it can be shown that new elements result which in turn fuse and result in other elements, and so on, finally returning to the original inputs, thereby having an on-going functioning system.

In a social organization such as a bank, where the analysis is of human problems, the original inputs may be conceived of as human beings. Let us start, therefore, with an analysis of the personalities of the participants. Are there any definable clusters of characteristics which have functional unity and which as a cluster can have effects upon the formal policies, practices, and structure?

1. The input of participants occurs in the "hiring process" (1).<sup>14</sup> The hiring process is a clearly defined set of formal behavioral sequences where all applicants are evaluated for possible admission to the system. The process is controlled by the top officers, who act as agents for the bank.<sup>15</sup>

2. Partially as a result of the hiring process, the personality characteristics of the majority of the employees cluster around a clearly definable set of underlying latent predispositions.<sup>16</sup> They are:

(a) a strong desire for economic security, job stability, and predictability in their lives;

(b) a strong desire to be left alone, to work in relative isolation where they have control over their own behavior; and

(c) a strong dislike of aggressiveness and/or hostility in themselves or in others.

These clusters of predispositions have been labeled by the employees as the "right type." I shall use the same label (2).

3. Since there is a formal set of policies to promote from within and since they have been followed to a large extent, the majority of officers are the "right-type" personality (3).

4. As one might predict, the "right type" as an officer tends to be passive. He does not tend to initiate action, to reward or

<sup>14</sup>Throughout, the numbers refer to those in Fig. 1.

<sup>15</sup>Further discussion of the hiring process is found at the end of this section and in the articles referred to in n. 13 above.

<sup>16</sup>The manifest characteristics may be found in the publications cited in n. 13 above.

penalize, to evaluate or discipline employees. The officers perceive (and the employees agree) that the officers' leadership may be characterized as "passive" and "weak"<sup>17</sup> (4).

5. The existence of passive leadership creates a situation wherein there is little supervisory or administrative pressure placed upon the employees. The lack of pressure from above is an important aspect of the "good working conditions" (5). (a) Another aspect is that many employees deal with customers in a relatively personal need-fulfilling relationship. (b) Since the customer relationship is crucial, the employee is organizationally rewarded for being predisposed to be cooperative with the customer. There is little formal reason for, and an absence of pressure toward, inducing the employees to cooperate with each other.

6. The formal (unwritten) organizational policy and practice of never firing an employee even if his work is not up to standard, especially not during times of economic depression, gives the employees a strong feeling of "job security."

7. In summary, the working conditions, passive leadership, and job security are important causal components of employees' satisfaction. A fourth causal variable is that the first three feed back to permit the "right type" to be himself, that is, to actualize his predispositions (7).

8-10. At the same time, the formal policy of infrequent advancement (8) and the perceived low wages (9) cause the employees to feel dissatisfied (10).

11. The employees react to their dissatisfaction by creating an informal employee culture which permits them to "blow their tops" safely. By "safely" I mean that they express their pent-up feelings in such a way as not to be aware of their own hostility. The right type, we recall, does not like to be aggressive or hostile (for example, I am not behaving in a hostile manner when I criticize the officers or when I am apathetic). All employees do this up to the point where the officers will not become overtly hostile toward them. The probability of the officers' becoming hostile, we recall, is quite low, since they too are of the "right type."

The informal employee culture is composed of five major behavioral norms which, once created by the employees, feed back

<sup>17</sup>For operational definitions of these terms, see original papers.



to coerce their behavior in the direction required by these norms. These norms are as follows:

11.1. Absenteeism and turnover are acceptable behaviors.

11.2. Work standards should be as low as possible. (The actual amount of work may vary within the department. It hovers, however, around the employees' perception of the minimum that is safe in their particular department.)

11.3. Low feelings of identification with the formal organization are acceptable and rewarded.

11.4. Hostility toward officers (usually expressed covertly and indirectly) is acceptable and rewarded.

11.5. Apathy, lack of ego involvement on the job is proper.

These norms that constitute the informal employee culture occur with varying degree of intensity. This intensity may vary from individual to individual, from department to department. It may also vary with the individual under different conditions. Another interesting property of the informal culture is that the necessity for its existence does not necessarily vary with the officers' behavior. Once created it becomes a unity in its own right with a predisposition to exist. Moreover, the reality of the informal culture does not decrease in the eyes of the employees if they do not use it. It is not unlike the case of the soldier who may use his rifle infrequently but who guards it carefully and keeps it in perfect condition should he need to use it. The norms of the informal culture mutually reinforce one another and simultaneously feed back to help maintain adequate personality expression for the right type.

12. The informal employee culture also influences the officers. They do not approve of the informal norms. Being "passive leaders," however, they (like the employees) react in an indirect manner to phenomena that disturb them. For example, they speak negatively about the quality of the employees (when not in the presence of the employees) (13). They also openly express all sorts of unfulfilled wishes: for example, that officers should be "stronger," "domineering," "more aggressive," and so on (14). Finally, they create an employee-officer committee designed to hear employee complaints but used mostly as an opportunity to "sell"

officers' values to the employees (15). These behavioral norms actually constitute the officers' informal culture. This culture has the same function (for the officers) as does the employee culture for the employees. It helps the officers cope with all that they dislike about the employees.

13. Since the officers are in control of the formal hiring process and since their self-concepts are primarily private expressions of the norms "right type" and "passive leadership," it is understandable that they tend to accept employees who are primarily of the right type. This brings us back to the beginning. The circuit is closed and the system becomes self-maintaining.

The system does not have one output but a set of outputs. They are the behavioral predispositions sanctioned by the informal employee and officer cultures. In the case of the former the output is a set of behavior predispositions that will permit and encourage employees to seek a minimal yet safe level of productivity, to dislike the officers (covertly), and to be minimally ego-involved with their jobs and the bank. In the case of the latter the output is a set of behavioral predispositions that will permit and encourage the officers to try to increase productivity, to complain of and criticize the employees (covertly), and to try to increase employee ego involvement.

Production, usually conceived as output of the organization, is highly influenced by the above outputs but is not solely caused by them. In order to obtain meaningful figures on production one would need to analyze the technological and economic subsystems of the organization and then to integrate these with the human one discussed above. Production is an output of the total organization, not only of the human (sub)system.

An interesting impact of these outputs is that they become the charter by which the present employees advertise, sell, and talk about their jobs to other employees. Thus they inform prospective employees that "the bank is a nice place to work, where not too much pressure exists and where one can take it easy on the job." These same employees also inform the prospective employee that the officers will try to get them to work harder but to have patience because "they mean well and they won't continue such pressure."

Thus the model provides insight into the process by which the organization evolves what E. Wight Bakke calls its "organizational charter."

Because of lack of space it is not possible to present further differentiations that would make the model a more accurate map of the bank's climate. Enough has been presented, however, to give the reader a concept of the characteristics of the model. Let us now turn to evaluating it.

### SOME PREDICTIONS FROM THE MODEL

One way to test the usefulness of the model is to derive hypotheses from it and see if these are confirmed in reality.

It is important to note that the model purports to represent an empirical system that exists independently of the researcher. The researcher has no control over the system. He cannot conceive of systematically varying the whole or any parts of it. The most he can do is study it at a distance. Thus in testing the model the most the researcher can do is derive a series of hypotheses predicting that, for example, under conditions *X*, *Y* will tend to occur. Once he has stated a series of these, he then must sit on the sidelines and patiently wait to see if any of the conditions actually evolve and if the predicted behavior accompanies the conditions as hypothesized. The researcher is, in some ways, like a meteorologist who attempts to gain understanding of the basic factors causing the weather yet cannot dream of controlling them.<sup>18</sup>

A few examples of hypotheses derivable from the model are presented below.

#### *Hypothesis I*

*Condition:* If an individual is made an officer and if his personality is not congruent to the right type, then

*Prediction:* (a) This individual will tend to be disliked by the employees and officers. (b) The individual will be perceived as a deviant. (c) The hostility toward him will not be expressed directly and openly. (d) The individual will leave the organization, report

<sup>18</sup>Actual control of the basic variables would greatly facilitate understanding and its resultants of prediction and control. Thus some day organization researchers must face the challenge of creating and systematically influencing "live" organizations. A sign of true understanding of a phenomenon is to be able to create that phenomenon.

that he is frustrated, and/or report that what he is doing is good for the bank and is supported by the officers and that therefore he does not fear being fired. If his activities are not supported by the top officers, he will fear being fired.

Two opportunities presented themselves to test these hypotheses.

1. The bank officers decided to expand their small-loan activities. The bank hired (from the outside) an expert in this field who was perceived by the officers as not being the right type. They reasoned that they wanted an officer whose personality was more congruent with the "aggressive, go-getting, active, chance-taking businessmen," to quote one officer. This individual has done an outstanding job in expanding the small-loan business. An analysis of the data also suggests that:

a) Over 75 per cent of the employees in his department dislike him for being aggressive and active and for not hesitating to be directive and to apply pressure when he feels it is necessary.

b) Almost all the employees who express these negative feelings quickly justified their hostility by noting that the other officers do not behave as he does. "Who does he think he is?" asks one employee. "This used to be one of the nicest departments to work for, until he arrived," adds another.

c) The attitude of the officers is mixed, but the mixture is in the direction of the prediction. Almost all of the older officers do not agree with the new man's leadership tactics, but at the same time they believe he is an outstanding person in his specialty and a crucial asset if the bank is to grow. The younger officers, who do not tend to be less strong in "right-type" characteristics than the older officers, perceive the small-loan officer as excellent but admit that he is being frustrated by many employees and officers.

d) The officer in question perceives that he is being resisted but reports, "It's about time some changes are made here. If this bank is to grow we need more dynamic leadership. You know, banks have much they can learn from business in the way of administering things." He believes that he has the full support of his management. Twice during the interview he expressed the "dream" (as he called it) of "getting rid of all this damn dead wood, bringing into the bank hard-working employees and paying them well."

2. The second opportunity to test the hypothesis came a year

after the research was completed. The top officers decided to begin to change the bank's climate by hiring non-right-type employees. The researcher cautioned that although such a move seemed logical, it would tend to result in serious difficulties, since the system will not tolerate such deviants.

The officers decided, as a first step, to hire a personnel administrator whose personality would not be similar to the right type, and they hired such an individual from the outside. After a few weeks' orientation the personnel man decided that if modern personnel procedures were to become effective in the bank, the attitudes of the officer group (especially that of the older officers) had to be changed. He embarked on such a program. From our model we would predict that he would be greatly resisted.

Four interviews over a period of fourteen months clearly indicated that the personnel man perceived himself as being disliked, mistrusted, and rejected.

If I'd known what I was getting into, I'd never have done it. I try, really, I try. All I keep hitting is a stone wall. And what a stone wall—you think they'd tell me to go to hell—or let me know exactly where I stand. All I get is the silent treatment. Once in a while they tell me to have patience. Patience—Lord, Chris, how much patience is a human being supposed to have! The younger men are no problem, they have a lot on the ball. It's the upstairs.

Since this individual threatened the top-power people by trying to change the officers' basic values, he was not given support for his program. He has now left to return to a nonbanking situation.

### *Hypothesis II*

*Condition:* If officers are asked to diagnose the causes of the bank's human problems

*Prediction:* They will tend to blame the employees (and their informal culture) and defend themselves from seeing the part they play in these problems.

Interviews with officers confirm this hypothesis. The majority of the officers diagnose the bank's problems in such terms as that the employees are (1) not loyal, (2) not hard working, (3) always looking for more money and less work, (4) no longer truly

interested in banking. Such a diagnosis acts not only to prevent the officers from seeing their limitations but actually to reinforce, from their point of view, the necessity for their own informal culture.

If space were available we could show that a similar hypothesis could be confirmed for the employees. They would tend to find fault with the officers and the bank's policies and practices, thereby providing themselves with a perfect reason for the necessity for the informal employee culture.

It should be pointed out that three years after the interviews cited above, employees and officers interviewed report similar attitudes. There has been no change. The predisposition to "no change" is a fundamental prediction implied in the model. The pattern is conceptualized in such a way that it will never tend to change from within. Only powerful outside forces (or new internal factors such as the officers' decision to use their formal power) would tend to initiate change. In fact, a crucial test of the model is that fifty years from now no changes should be observed so long as the pattern of variables has not been changed. More about this is presented in the discussion of hypothesis IV.

### *Hypothesis III*

*Condition:* If employees and officers are brought together and if they are requested to communicate their true feelings to each other,

*Prediction:* Neither employees nor officers will tend to communicate their true feelings.

Evidence to illustrate this hypothesis is available from two sources:

1. All employees and officers attending the meetings designed to provide opportunity for free expression of ideas and feelings regarding the human problems of the bank clearly report during the interviews that they do not believe there is free communication on both sides. The employees report that they cannot be free "because they fear the impact upon the officers." The officers report the same reason for their lack of full communication. Neither group reports that this lack of free communication goes against its

own self-concept and the organizational norms (arising from the "right-type" image that acceptable behavior is not aggressive, hostile, embarrassing, and so on).

2. An officer was invited by the researcher to attend the feedback of the research results to a select group of employees. The officer chosen had extremely high status among the employees. He was most frequently chosen by the employees as "one of the best officers in the bank." It was predicted that the employees would not freely discuss the results as long as the officer was present. The test of the hypothesis would come when upon a signal from the researcher, the officer would leave. If the hypothesis were valid the employees would then speak freely.

The prediction was confirmed. Only two (out of twenty-five) employees made some comments (and these were noncommittal) about the research results while the officer was there. As soon as the officer left, an employee asked why the officer was brought into the picture. Before an answer could be given, one employee asked the members of the group if they would not feel more free to talk if certain employees also left the room. There was general agreement, and a five-minute break was called. When the group reconvened, only twenty-three remained. The two "management agents" had left. (Even the method of getting rid of the two employees had to conform to the needs of the right type. It would have been much too overtly hostile an act to ask them to leave.) The meeting then changed in character, and nearly all the employees participated, some quite emotionally.

### *Hypothesis IV*

*Condition:* If the climate of the bank as depicted in the model is basically need-satisfying to both the officers and the employees, then

*Prediction:* The climate will not tend to change. Interviews of ten employees and officers three years after the initial research suggest that the basic climate has not changed. To be sure, much more interviewing needs to be done if satisfactory data are to be available. The results of the ten interviews are indicative, however.

Perhaps the best illustration of the stability of the system is that although most of the officers and employees who experienced

feedback agreed with the results and although an officer-employee committee was created to take action, to the writer's knowledge not one major change in the bank's culture has occurred. The committee to recommend action feels inhibited and, we may predict, will always feel inhibited, by the impact of such variables as "right type," "passive leadership," "informal employee culture," and "informal officer culture."

### SOME IMPLICATIONS OF THE MODEL FOR ORGANIZATION

#### *Predisposition toward Stability*

In the previous section evidence is presented to suggest that the basic predisposition of the type of system being studied is to maintain itself. The basic property of the organization is for the elements to maintain themselves and the whole through their interrelationship. There is a predisposition for the organization to maintain a particular constancy which W. B. Cannon<sup>19</sup> and Hans Selye<sup>20</sup> define as homeostasis. Thus the basic predisposition of the system is not to change.

The predisposition toward stability does not imply that the internal nature of the system is static. Much human activity and energy is expended to maintain the stability of the system, which is composed of many active processes feeding back upon and with each other. It is this constant activity, when caught in an analytic snapshot, that constitutes the structure of the system. As in the case of biology we are finding, therefore, that the question is not structure *vs.* process but structure *and* process.<sup>21</sup>

Nor should the predisposition to stability be interpreted to mean that the homeostatic state never changes. The position taken in this paper is not to side with the "no change" or the "change" advocates of organization theory. It is rather to assert that change is a matter of degree. The degree of change a given system will tend to manifest may be a function of what Deutsch has defined as

<sup>19</sup>W. B. Cannon, *The Wisdom of the Body* (New York, 1939).

<sup>20</sup>Hans Selye, *The Stress of Life* (New York, 1956).

<sup>21</sup>Alexis Carrel, Physiological Time, *Science*, 74 (1929), 620; G. E. Coghill, The Neuro-Embryologic Study of Behavior: Perspective and Aim, *Science*, 78 (Aug. 18, 1933), 137.



(1) openness of the system, that is, the range of the system's channels of intake from the outside world; (2) inner complementarity, that is, the efficiency with which the parts feed upon and feed back to one another and to the whole; (3) power, that is, the ability to change the environment of the system in accordance with the "internal" desires of the system; and (4) learning capacity, that is, the ability of the members of the system to learn rapidly and yet originally and creatively.<sup>22</sup>

In the case of the bank we have an example of an organization whose openness and power are highly structured and limited by legal rules which also tend to rigidify the organization. The "right type," "passive leadership," "informal employee culture," and "informal officer culture" tend to act in such a way as to decrease the inner complementarity and learning capacity of the organization. Combining all these factors, one can predict that the bank would have an unusually strong predisposition for stability.

*The Component Elements Represent  
Many Levels of Analysis*

The climate (or homeostatic state) of the organization is composed of elements representing many different levels of analysis. The right type and passive leadership represent the personality level of analysis. Once they become norms or codes for the organization they represent group and cultural levels of analysis. Poor wages and infrequent advancement are phenomena from the level of mass opinions and attitudes. Employee satisfaction and dissatisfaction are thus actually resultants of the interaction of a host of multilevel variables. The officer and employee informal cultures represent the cultural level of analysis.

It is important to emphasize that not one of these variables or clusters of variables (for example, employee informal culture) by itself constitutes the organization. When all these variables are seen in a meaningful pattern, one arrives at a different level of analysis, namely, *organizational behavior*. Organizational behavior, therefore, is a discrete level of analysis, resulting from the interaction of the (traditional) individual, formal, informal, and cultural levels of analyses.

<sup>22</sup>Karl W. Deutsch, *op. cit.*, p. 380.

The legitimacy of an organizational level of analysis is crucial and merits further discussion. Some suggest that an organization is nothing more than a set of individuals interacting with one another, and that therefore organization can eventually be reduced to the individual level of analysis. We have seen that employees attempt to adapt to their dissatisfaction through the informal employee culture. This culture, however, is a sedative for the dissatisfaction and not a cure. Thus the stress individuals experience because their wages seem low and advancement is infrequent is not at all alleviated. The informal culture simply gives the employees a chance to express their pent-up feelings. Thus individual stress will always exist as long as the situation remains as depicted. But from an organization point of view the organization homeostasis is not under stress because the individuals experience stress. In fact, the homeostatic balance of the organization *actually depends* upon the employees' continual experience of stress.<sup>23</sup>

The fact that the organization is composed of variables from many different levels of analysis implies changes in research methodology. Behavioral scientists who traditionally abhor conducting research simultaneously on different levels of analysis may have to reconsider their position if their models are to represent reality. Admittedly, at this stage of development neat, rigorous studies of the independent-dependent-variable type become improbable with models which include many variables from many different levels of analysis. Much more attention needs to be focused on such processes as the evolution of one part from the interaction of two or more parts. For example, by what mechanism does the "right type" become a "passive leader"? What are the "balancing mechanisms" by which the employees balance out their dissatisfactions and satisfactions in such a way that the former become dominant? What are the mechanisms by which employee dissatisfaction causes the informal culture to evolve, and so forth?

### *The Steady State Evolves from Simple Beginnings*

Implicit in the model is the assumption that such variables as the "right type," "hiring process," "passive leadership," and "formal policies" may be adequate to account for the (assumed)

<sup>23</sup>The same logic holds for the officer informal culture.

process by which the present complexity called "organizational climate" evolved. By using the logic of evolution we may be able to trace the natural history of each organizational climate or homeostatic state. Since the time factor is depicted on the horizontal axis, it is assumed that at any given point the variables to the left of the variables being considered are causally connected to the variables under consideration. It is also assumed that if variable *B* is "caused" by variable *A*, the former cannot influence the latter directly (that is, the process is irreversible). Variable *B* may influence variable *A* only by a feedback process. It now becomes clear why position in the pattern or arrangement is a crucial attribute of the phenomena under consideration.

Implicit in this notion of evolution is that at any given moment the existing homeostatic state is the "natural" (predictable, understandable) state for that system. A particular homeostatic state at a given moment in time can evolve only from that which it inherits (from its previously existing homeostatic state and from influences of the external environment).<sup>24</sup> Implicit in this notion, in turn, is another. One must assume that every new element that may be created in the system has a particular function to perform, as do all the "older" ones. Every addition to the pattern is functional. Every addition is necessary if the pattern is to maintain itself. Thus the processes that give rise to the pattern are the ones that maintain it.

### *Organization Morale Is a Process*

If one examines the output of the system, the predispositions listed are similar to the types of attitude dimensions used by researchers to construct morale scores for organizations (for example, employees' attitudes toward productivity, officers, the bank, its policies, and so on).

Following the logic of the model we can then equate the output of the system to the concept of morale. In the model one notes that the output is a resultant of and therefore an *integral* part of, the process from which it evolves. Thus if morale is to become an explanatory concept, one must focus not on the output but on the process. In this sense *morale is a process*. The validity of this

<sup>24</sup>Hans Seyle, *op. cit.*

position can be seen easily if one attempts to change the morale of the organization. What insights for change can be derived from knowing the output? All that the output as a concept does is to tell us what the attitudes are. The why (or the explanatory how) resides in the process.

Conceptualizing morale as a process raises interesting questions about the validity of the common practice of correlating morale (as an output) to such things as productivity and supervision. What meaning is there to such a correlation?

Another question can be raised about the practice whereby researchers correlate employee attitudes to, let us say, production records. According to our model the actual production of the bank is highly influenced by the morale process. The production figures therefore actually contain within them the impact of the morale process; they are partially caused by this process. The validity of the correlation under these conditions is questionable, since the two variables correlated are not discrete.

Still another interesting insight can be obtained about morale. Usually, low employee morale is defined as those attitudes that are contrary to the ones management desires employees to manifest. High morale exists when employees like the organization, the management, and so forth. Low morale is presumably bad and high morale is good for the organization.

In this traditional way of looking at morale the bank's employees would be said to have low morale, and this is presumably bad for the bank. Certainly most officers would agree with this position. Such a derivation, however, cannot be made from the model. In fact, an almost opposite notion flows from the model. From the *system's* point of view, the employee morale is high (not low), it is functional (not dysfunctional), and it helps the system to maintain itself. Moreover, it can be shown that the present level of productivity plus the present willingness on the part of the employees to internalize pressure and tension (especially from customers and officers) is possible because of the so-called low morale. To put this another way, since all elements of the system are necessary and required for it, they cannot be evaluated from the researcher's point of view in terms of high or low, bad or good.

## SUMMARY

We have discussed the problem of conceptualizing the complex, multilevel, mutually interacting variables usually found when studying organizations. A first-level-generalization empirical model of the climate or homeostatic state of a bank has been presented. We have concluded that all homeostatic states are (1) composed of elements representing many levels of analysis, (2) whose origin can be traced to simple beginnings, (3) whose predisposition is toward stability rather than change, and (4) whose pattern of variables is assumed to be the "best" or "natural" one for that particular organization under the conditions in which it exists.